

COST *and* MANAGEMENT

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J. N. Allan, R.I.A., Secretary-Manager and Editor

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EDITORIAL

The Relaxation of War Time Controls

Industrialists and Business Men are, after all, those who are interested in the relaxation and eventual removal of the War Time Controls of all kinds.

In approaching the man on the street with, "What war time controls do you think should first be relaxed or removed?" one is greeted with a blank expression followed by the rebuttal, "What war time controls?"

Complacency is apparently condoned in its place. The average person has become so accustomed to the Controls imposed during the war period that he, and also she, assumes, in time, that these conditions and times are to be faced with the same fortitude as one develops at the time of each recurring period of depression. This is just another period of hard times with money, in contrast to others experienced, without money.

To the manufacturer, industrialist and business man, it is a very different story. War time controls are a real business factor. There is more to the condition of Controls and the average man's comment, "Now that the army is home all rationing should be done away with." The housing control is in the forefront for comment on every hand. To the new home makers the control is not controlling as fully as it is reputed to be. Among other complaints it is conjecturally stated that the housing control should also apply to new locations offered for rent. Too many house keeping rooms and apartments are being rented at complete house rent figures. Living space is worth no more than established quarters in the same locality, regardless of so-called causes for increased rents in redecorating and new equipment. As long as this exploiting of new comers to a community is permitted, the labour and service condition is being retarded. An employee at civilian production cannot afford to live in unfavorable accommodation, due to excessive rents, and be content with the wages that civilian production can afford to pay. The business man and industry in general is prejudiced by this condition.

The sustaining blood stream of Canadian business functions in materials, labour, domestic and export markets and, if operations are to continue, the margin of profit so necessary to permanency and continuity of existence.

The problem facing us at this time is one of Reconstruction. The period through which we are passing is the Transition period. Much war production has been completed. Many industries are already beginning peace time token production. Unless controls are continued the larger industries and those who are now favourably progressing on civilian production, might meet the domestic market demand and the smaller members of industry might be frozen out of the market and forced into the class

EDITORIAL

of transition expendables. There must be no letting down of the little fellow. Only the fair application of controls and then their equally fair relaxation can protect the small bread and butter businesses.

The Dominion government imposed the controls for our mutual Canadian protection economically. The government is relaxing the controls with equal discretion and with a consideration for Canadian business in general. Anyone who has made a study of Canadian trade well knows that the domestic volume is subject to a production capacity much above our domestic consumption demand. The balancing factor must be found in an export trade energetically promoted and developed. The isolationistic theory has no place in Canadian trade progress. The domestic trade can be nurtured only in proportion to the volume of a healthy export trade. The government policy has been aptly and concisely stated to some extent in the following comment.

"Within the limits which the continuing war prescribes, the final period of the war must be used to begin the re-establishment of Canadian non-war export trade on a dependable and expanding basis. Equally, since dependability must ultimately be an exchange of goods for goods, the period must be used to build up our importing and the exporting capacity of other countries so that we may ultimately receive imports in payment for our exports. For its part the government is prepared, as rapidly as circumstances permit, to facilitate through its war time controls and otherwise, the re-establishment of peace time markets for Canadian exports."

It is a well known economic premise that a flourishing export trade is an ideal background for a thriving domestic trade, and this is especially true in Canada. The comment recited above was made before the end of the war in Europe. Even at this date it is evident that the government is living up in no small degree to its programme of removing restrictions and controls. We have the well known concession in steel and iron and aluminum for civilian use. There has also been a removal of controls on building materials and on general electrical household equipment. To further assist the movement of these lines excise taxes on appliances and sales taxes on certain building materials have been reduced or removed entirely. This is evidence that the control plan is functioning.

For the obvious reason noted above, the various types of controls have not been detailed. It is a good and reasonable condition of, "Ignorance is bliss, 'tis folly to be wise." At this point of time in the trend of world events and the war condition, there is nothing to be gained in bringing up for discussion Controls as such. We are at the present moment trying to get them removed. Might it not be better if we left the consideration of controls to those who find themselves affected by restrictions which retard business activity. In taking this stand let us not forget that we who are depending on the relaxation of controls should keep ourselves informed on each move in that direction so that we may be sure to benefit in our particular business to our rightful proportion.

With the present programme we need not fear that industries in general will neglect exports during the vital transition period to look after or exploit the backlog of domestic demands.

COST AND MANAGEMENT

In doing this Canadians might fall behind in the race for world markets. It is quite evident that the controlling officials have this in mind and are making any changes for the best interests of the country as a whole.

While one might view Canadian economy from the peace time operation of trade and the corresponding natural progress, it might be well to keep in mind that we are a nation of the world and as such have contributed to the extent of our capacity to war materials, those still required in the Asiatic sector, United Nations Rehabilitation Relief, and other straight relief transactions. These must all be taken into consideration in our economic plan so that while looking after Canadians we are also taking care of our responsibility as a world nation.

The process of revising or removing controls over materials, man power, productive capacity and of expanding civilian employment has already begun and will no doubt be accelerated as acute scarcities in these items are overcome. It is conceded that the general civilian supply in relation to the requirements must be substantially expanded, however, the controls associated with the economic stabilization programme will be just as necessary as ever.

There is remarkable pent up purchasing power in Canada. Because of this, there is an ever present threat of inflation. During the first year and a half, after the last war, prices rose more rapidly than during the actual war period. The controls of this war have corrected that to date but, do not forget that there may be severe inflationary pressures still ahead of us.

All these plans have been set up for us. We have been spoon fed so long that we will now have to prepare ourselves for the time when controls no longer protect us. How many of us are going to exploit the markets or sabotage the benefit we have received so far from the Control programme? Are we going to produce our lines at the 1941 basic price and market our product on that level? Shall we take the stand that we must manufacture and sell products of a new type for which we require an "inflated" price in comparison with 1941? We should frown on black market tactics and would ostracise the participants.

If we all play the "trading" game according to the Rules and Controls, we may avoid the ultimate experience of being put through the economic wringer of deflation. Patriotism in Canadian economy will really pay dividends.

**It is with profound regret that we announce the
death of our president**

Mr. E. J. Loisel, L.C.M.J.

who passed away in Montreal on June 6th, 1945

E. J. LOISELLE, L.C.M.I.



THE LATE E. J. LOISELLE, L.C.M.I.

President of Canadian Society of Cost Accountants and
Industrial Engineers

*Some stars shine dimly in the night,
Obscured by cloud or distance from the earth.
Others are luminously bright,
Unclouded, near and intimate.
And so with men.
Some men, remote, sequestered—
Think for themselves the long cool thoughts of inward
clarity,
Sing for themselves the inward harmonies of sound
Unshared with other men.
But others stride forth in company with their fellows:
Straining—they hew hard action from the paths of life;
Singing—they lift their voices in chorus,
Thinking—they mould new treasure from the thoughts of
other men out of the past and the present,
Then holding out both hands they pass it on
To comrades of the present and the future.
One man I know who marches in the van of this great
company.*

— Clarence Fraser, Toronto, Ont.

The Late E. J. Loiselle, L.C.M.I.

Tribute Paid by P. W. Wright at the Opening of Our Annual Meeting

Our hearts are sad at this moment as we open our annual meeting. There is a vacant chair.

Our beloved President, Ed. J. Loiselle, has left us. It seems doubly sad that he should have been stricken at this time—just as his presidential year was drawing to a successful close.

How much we all looked forward to meeting him here in Kitchener, this beautiful city selected as this year's place of annual meeting, and on this day the 15th of June, to congratulate him and to express too him personally and collectively our appreciation of his loyal and inspiring leadership during the past year.

Eddie Loiselle will be with us in spirit here to-day. He was one with the rest of us who have come to look forward to seeing familiar faces, to clasp hands, to renew old friendships and to visit and intermingle for the two or three days of these annual meetings. Warm and lasting friendships have developed and strengthened over the years and we know that Eddie had a high regard and genuine affection for his many friends in the Society. We know too, that he understood how fully that affection was returned by all who knew him.

He made a point of attending all meetings, near or far, and he attended all of the annual meetings since he was elected to the Dominion Board in 1936. He served on many committees during more than 20 years of membership, and was one who could always be relied upon to take his part in any work or activity of the Society.

He loved the Society and was deeply interested in its aims and objects. He saw it as filling a vital need in developing for industry and Commerce, qualified cost and industrial accountants and he was proud of the success attained in raising the standard of efficiency in Cost and Industrial Accounting and Industrial Management.

He gave practical emphasis to his belief in the Society by encouraging student enrolment, by counselling students and junior members, and by assisting many of them in obtaining positions. He was at all times active and untiring in promoting the welfare of the Society—and always in a thoughtful, quiet unassuming manner.

During the past month, his mind was occupied with thoughts and plans for the annual meeting. One of his last concerns—from his hospital bed— was for the arrangements and comfort of our Secretary-Manager whom he had called to Montreal to assist him in completing the details, reports and plans for the annual meeting. But it was not to be. His last meeting was with the provincial body in Montreal on May 22nd. He was stricken in his office the following day. No one except members of his immediate family could be permitted to see him again and on June 6th, he left our earthly presence.

Our thoughts go out to his family and to his many friends and associates in business, church and community. His thirty years of service in the

NEW MEMBERS

employ of his company surrounded him with many friends. His life time of active participation in the work of his church, in which his late wife was a national leader in the Missionary field was well known and has been suitably commended by his rector. Our deep sympathy is extended to his son, lately returned from overseas and to his daughter-in-law.

The name of Edward John Loiselles will now be recorded in its earned place in the historic annals of our Society.

To us who knew him the memory of Eddie Loiselles, and of his devotion to The Canadian Society of Cost Accountants and Industrial Engineers will always remain an inspiration to greater efforts as we carry on our work and face the future.

New Members

Bay of Quinte

C. E. Winter, Reliance Industries Ltd., Belleville.

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Raymond N. J. McDougall, The Canadian Western Natural Gas, Light, Heat & Power Co. Ltd.

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TOMORROW'S JOB . . .

The postwar problems of business management will offer both a challenge and an opportunity to the alert cost accountant.

A challenge in that the requirements for closer managerial control will call for more accurate information . . . more detailed information . . . more up-to-the-minute information . . . on which to base sound decisions.

An opportunity for cost accountants whose concept of their value to their companies lies in the assistance they can provide to management in obtaining LIVE information, rather than merely serving as historians recording what has happened.

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Examination Results, 1945

In the 1945 Examinations of the Society, the following students obtained pass standing in the subjects listed:

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C. W. Kellner Edmonton

D. A. MacDonald Edmonton

The Society of Industrial & Cost Accountants of Ontario

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Chandler Bennett Hamilton

W. D. Broadhead Hamilton

W. T. Buffett Toronto

Helen Burkholder Hamilton

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Postwar Profits Through Foreman Training

An article stressing the human side, not the mechanical side, of increasing the productive capacity of labour and a selected bibliography of information available on this subject.

By L. W. BENNETT, R.I.A.

Cost Consultant
London, Ontario

It will be remembered that we were little prepared for war, it is possibly true that we are less prepared for peace.

"Big Industry" must not wait to see what the government is going to do, "Small Industry" must not wait to see what "Big Industry" is going to do. Industry must co-operatively or individually give some study and thought to postwar production. This is a duty of top management in industry. Trade Associations should make it part of their program. Such planning should not be for the months ahead but for the years ahead.

No doubt many have dreamed about what they will do to keep their plant busy when peace comes, some have possibly given it some serious thought, a few have translated their ideas on to paper and the ideas of a still smaller number have reached the blueprint stage.

Nearly all of the above would, however, have to admit that their ideas were in connection with materials, equipment, new products and markets. They should not overlook labour. It also has changed and requires even more thought and consideration than does the matter of new equipment.

Many companies have not been producing their regular lines for five years. How many men with them then are now in their employ? How many will be able to turn out without change the same articles produced before the war? Remember the problems, high labour cost and excess scrap and waste when getting into war production? Many will encounter the same problems when getting back to peace time lines—AND— they will not be able to bury such excess costs in cost-plus contracts.

If Governmental controls covering materials and labour continue after the war—and they no doubt will for some time, the ability to produce at a profit (with their customer the Government no longer in the market) will depend upon (a) keeping labour working (b) getting the highest possible production per man hour.

This will not be accomplished through labour agreements (at least not through any examined by the writer to date), nor through a letter from the President on the Bulletin Board, nor through pep talks at mass meetings. It can, however, come through education.

The men to conduct this educational program are your supervisors and foremen. If you believe that such a job cannot be turned over to your foremen then either you are underestimating their ability or they should not be classed as foremen. A foreman must be able to place the problems of Management before the workmen in a way they can understand and appreciate and also be able to place the problems of the workers before management in a language they can understand. A foreman to be worthy of the name should have the ability to instruct and train. It is up to you, however, to supply the foreman with the necessary tools.

FOREMAN TRAINING

These tools consist of books, bulletins, courses, technical data, also information concerning "Company Policy" and company plans. Due to the necessity of training many new workers for war production, more books regarding foremen's duties have been written during the last four years than during the previous twenty-four. The foreman must, however, be supplied with this information. It should not just be turned over to him to use as, if and when he sees fit, but he must be instructed in the use of it, assistance given when required, and there must be follow-up.

There should be a committee in charge of this important work. In a large plant this committee may be headed by a man engaged for this purpose as a training director or in a smaller plant he may be the man in charge of personnel. The committee must do the organizing, planning, assist the supervisors and foremen, hold meetings with them and find the answers to their problems. There should be a continuous training program to get the best and continuous results. All training programs should include not just the "how to do it" but also in the case of supervisors and foremen, the "how to instruct" must not be overlooked. It has been found wise to have any level of supervision receive its instruction from the next higher level of supervision. Indifference, lack of understanding, poor planning and poor follow-up will ruin any training program. The benefits received through planning and effort given by top management to new lines or the purchase of new equipment will be duplicated if they apply the same planning and effort to the education of supervisors, foremen and employees.

Labour legislation and labour agreements are playing an important part in employee relations to-day and although their scope in the postwar period may be changed, yet as social legislation can be expected to continue to advance the matter of labour legislation and agreements will also continue to be important. Foremen should be trained in this important subject in order that they can intelligently and fairly assist labour and management, to the advantage of both.

Through the co-operation of labour and management will come the profits to make possible the purchase of new equipment to make new lines to give employment to more labour. You should consider your foreman as being the important link in this combination. How strong a link he becomes is up to you.

A selected bibliography of information on the subject
subject of foreman training, employee training and related
subjects.

FOREMAN TRAINING — BOOKS

FORMANSHIP TRAINING, R. B. Starr, Prentice-Hall Inc., New York, N.Y., 225 pages. Presents in text form the "Conference Method" of teaching foremen.

THE INDUSTRIAL SUPERVISOR, by John M. Amiss and Traver C. Sutton, Ronald Press Co., New York, 240 pages. Suitable for use by individuals for home study or for discussion in group conferences.

HOW TO BE A GOOD FOREMAN, by Charles Reittel, Ronald Press Co.,

FOREMAN TRAINING

New York, N.Y. This is a "how to do it" book and deals specifically with problems.

TRAINING WORKERS AND SUPERVISORS, by Charles Reittel, Ronald Press Co., New York, N.Y., 182 pages. A working textbook for training supervisors and foremen to train workers.

ELEMENTS OF SUPERVISION, by Spriegel and Schulz, 273 pages, 1942, John Wiley & Sons Inc., New York. A "how to do it" book which will help the supervisor carry out his responsibilities.

THE FOREMAN'S HANDBOOK, by Carl Heyel, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1943, 410 pages. Practical handbook emphasizing the kind of practical information the foreman needs in running his department.

EMPLOYEE TRAINING, by Alfred M. Cooper, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1942, 310 pages. Furnishes course outlines, lesson plans, standard practical material and detailed directions for the installation and operation of employee training.

HOW TO SUPERVISE PEOPLE, by Alfred M. Cooper, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1941, 105 pages. How foremen and executives may analyze their jobs and apply correct methods of handling supervisory problems.

FOREMANSHIP AND SUPERVISION, by Frank Cushman, 286 pages, John Wiley & Sons Inc., New York. A practical handbook for our foreman conference leaders and supervisors of vocational education.

THE NEW TECHNIQUES FOR SUPERVISION AND FOREMEN, by Albert Walton, 1941, 233 pages, a McGraw-Hill book, Embassy Book Company Ltd., Toronto. An explanation of psychology in relation to industry.

TIMESTUDY FUNDAMENTALS FOR FOREMEN, by Phil Carroll, Jr. A McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1944, 172 pages. Reduces the technical subject of timestudy to a simple treatment of essentials bearing directly on the foreman's job.

HOW TO TRAIN SUPERVISORS, by R. O. Beckman, Harper & Brothers, New York, N.Y. Supplies specific information on organization methods and content of a supervisory training course.

SHOP MANAGEMENT FOR THE SHOP SUPERVISOR, by Ralph C. Davis, Harper & Brothers, New York, N.Y. A practical handbook.

BETTER FOREMANSHIP, by Glenn Gardiner, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1941, 325 pages. Presents questions and answers on effective management for to-day's foremen, placing special emphasis on the problems which have grown out of new conditions.

FOREMANSHIP FUNDAMENTALS, by A. L. Kress, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1942, 278 pages. Concrete ideas and suggestions. Book takes up problems relating to personnel, production, cost and quality.

EFFECTIVE FOREMANSHIP, Edited by E. B. Maynard, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1941, 265 pages. Written by practical experts on the problems faced by to-day's foremen.

DO YOU WANT TO BE A FOREMAN, by Albert Walton, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1941, 170 pages.

FOREMAN TRAINING

Designed for use in "Pre-Foremanship" courses, discusses personal inventory, self-improvement, aptitudes, abilities, habits, authority and responsibility.

HOW A SUPERVISOR CAN KEEP AHEAD OF HIS JOB.

HOW TO TEACH A JOB, National Foremen's Institute Inc., 527 Fifth Ave., New York N.Y.

HOW TO TRAIN WORKERS QUICKLY

HOW TO HANDLE GRIEVANCES

HOW TO CREATE JOB SATISFACTION

HOW TO CUT WASTE

HOW TO GET OUT MORE WORK

HOW TO CORRECT WORKERS

QUALITIES OF A GOOD BOSS, seven foremanship manuals by Glenn Gardiner, published by Elliott Service Co., Inc., 219 East 44th Street, New York, N.Y.

THE FOREMAN'S READING KIT, 213 pages, eighteen articles on management principles as they apply to, and can be applied by, foremen and supervisors. American Management Association, 330 West 42nd St., New York, N.Y.

FOREMAN TRAINING — COURSES

FOREMANSHIP TRAINING, as offered by the Training Branch, Department of Labour, Ottawa. There are three forms of supervisory and foremanship training courses available, (1) Job Instructor Training, (2) Job Relations Training, (3) Job Methods Training, all as described in their Bulletin No. 5.

FOREMANSHIP MANAGEMENT CONFERENCE MANUALS — 25 manuals — each about 40 pages. Complete text material for 25 conferences, covering all phases of modern foremanship practice. National Foremen's Institute Inc., 527 Fifth Ave., New York, N.Y.

CONFERENCE LEADERS MANUAL FOR FOREMANSHIP CONFERENCES. Manual is designed for conducting the 25 conferences mentioned above. National Foremen's Institute Inc., 527 Fifth Ave., New York, N.Y.

MODERN FOREMANSHIP, a correspondence course of training for Foremen, Assistant Foremen, and workers in the problems of Foremanship and Production Management. LaSalle Extension University, 1198 Avenue Road, Toronto, Ont.

FOREMANSHIP AND MANAGING MEN AT WORK, two correspondence courses of training for present and prospective foremen, assistant foremen and supervisors. International Correspondence Schools Canadian, Ltd., Montreal, Que.

FOREMAN TRAINING — VISUAL

Silent and sound films (16mm.) for training the supervisor and instructing the employee, are rented and, in some cases, sold by Bureau of Visual Instruction, State University of Iowa, Iowa City, Iowa.

Safety Management for foremen, a 20-hour visual safety course, National Safety Council, 20 North Wacker Drive, Chicago, 6, Ill.

FOREMAN TRAINING — re SAFETY

INDUSTRIAL SAFETY, R. P. Blake, Editor, Prentice-Hall Inc., New York, N.Y., 435 pages. Was expressly designed to be used as a basic text

COST AND MANAGEMENT

for Safety Engineering Courses sponsored by the U.S. Office of Education and U.S. Department of Labour.

INDUSTRIAL ACCIDENT PREVENTION, by H. W. Heinrich, a McGraw-Hill book, Embassy Book Company Ltd., Toronto, Ont., 1941, 448 pages
How to analyze the accident situation, find the cause, develop the remedies and carry them out.

HUMAN SIDE OF SAFETY IN FOREMANSHIP, 6 pamphlets and guide.
SAFETY IN FOREMANSHIP, 12 pamphlets and guide.

CO-ORDINATING SAFETY IN INDUSTRIAL AND VOCATIONAL TRAINING PROGRAMS, National Safety Council, 20 North Wacker Drive, Chicago 6, Ill.

FOREMAN MATERIAL

MANAGEMENT INFORMATION, a weekly bulletin published by Elliott Service Co., Inc., 219 East 44th St., New York, N.Y., for Department Heads, Supervisors and Foremen.

FOREMAN FACTS, The Labour Relations Institute, 1776 Broadway, New York, N.Y. An eight-page foreman newspaper published twice monthly.

FOREMAN TRAINING PROGRAM, is part of the service provided to its 247 Park Ave., New York, N.Y.

THE FOREMAN'S LETTER, is a bi-weekly newsletter devoted exclusively to foremanship and supervision, (American and Canadian editions). National Foremen's Institute Inc., 527 Fifth Ave., New York, N.Y.

LABOUR LEGISLATION INFORMATION AND AGREEMENTS

THE LABOUR GAZETTE, monthly, prepared and edited by The Department of Labour, Department of Public Printing and Stationery, Ottawa, Ont. Official monthly publication of the Department of Labour, recording labour legislation, employment and unemployment, wages and hours of labour, price trends and the cost of living, industrial relations, industrial disputes, conciliation, activities, decisions of National War Labour Board, war emergency training, industrial health and accidents, and activities of Unemployment Insurance Commission.

THE CLOSED SHOP

RECENT CANADIAN COLLECTIVE BARGAINING AGREEMENTS, Department of Industrial Relations, Queen's University, Kingston, Ont.

OFFICE SUPERVISORS

TEXTBOOK OF OFFICE MANAGEMENT, 469 pages, 1943, by Leffingwell and Robinson, a McGraw-Hill Book, Embassy Book Company Ltd., Toronto, Ont. Presents the principles and applications of scientific office management.

OFFICE MANAGEMENT, 599 pages, by John H. MacDonald, Prentice-Hall Inc., New York. Used by many colleges and Universities in their course in Office Management.

HOW TO SELECT AND DIRECT THE OFFICE STAFF, by Edward A. Richards and Edward B. Rubin, Harper & Brothers, New York, N.Y.

COMMITTEE MATERIAL

THE READJUSTMENT OF MANPOWER IN INDUSTRY DURING THE TRANSITION FROM WAR TO PEACE, by Helen Baker, Industrial

FOREMAN TRAINING

- Relations Section, Princeton University, Princeton, N.J., 1944, 112 pages.
An analysis of Policies and Programs.
- BASIC TRAINING POLICIES, 1941, 8 pages.
- SELECTION AND TRAINING OF FOREMEN, 1941, 8 pages.
- METHODS OF TRANSMITTING INFORMATION TO EMPLOYEES, 1942, 8 pages, Industrial Relations Section, Princeton University, Princeton, N.J.
- PERSONNEL MANAGEMENT AND INDUSTRIAL RELATIONS, by Dale Yoder, Prentice-Hall Inc., New York, N.Y., 840 pages.
- PERSONNEL RELATIONS, by J. E. Walters, Ronald Press Co., New York, N.Y., 550 pages.
- PERSONNEL SELECTION BY STANDARD JOB TESTS, by Charles A. Drake, A McGraw-Hill book, Embassy Book Company Ltd., Toronto, 1942, 140 pages.
- OTIS EMPLOYMENT TESTS, to test the general mental ability of applicants for employment. Scoring is easy and rapid. Tables of scores obtained through use of the tests in business and industry are provided for comparative purposes. World Book Company, Yonkers 5, New York.
- MANUAL OF JOB EVALUATION, by Bengé, Burke & Hay, Harper & Brothers, New York, N.Y. Reference manual on how to do the job of classifying, evaluating and stabilizing job titles, duties and rates of pay.
- PRINCIPLES OF EMPLOYMENT PSYCHOLOGY, by Harold E. Burtt, Harper & Brothers, New York. A manual on the use of psychological pre-employment tests and aid to placing "the right man in the right job."
- MAKING AND USING INDUSTRIAL SERVICE RATINGS, by George D. Halsey, Harper & Brothers, New York. Of value where the need is recognized for evaluating individual performance as a sound basis for deciding upon advancements in pay and position.
- HANDLING PERSONALITY ADJUSTMENTS IN INDUSTRY, by Robert McMurray, Ph.D., Harper & Brothers, New York. Contains material on the handling of the mal-adjusted worker, selection technique and industrial training methods.
- FACTS ABOUT FOREMEN, Labour Relations Institute, 1776 Broadway, New York, N.Y. A 42 page booklet prepared as a guide for management executives in the handling of foreman problems.
- HOW TO PREPARE A FOREMAN'S POLICY MANUAL
- HOW TO SELECT FOREMEN AND SUPERVISORS, both by R. C. Oberdahn, National Foremen's Institute Inc., 527 Fifth Ave., New York, N.Y.
- PERSONNEL JOURNAL, a magazine of Labour Relations and Personnel Practices, Personnel Research Federation, 60 East 42nd St., New York, N.Y.
- VICTORY IN THE MAKING, a guide book for Labour-Management Production Committees, Industrial Production Co-operation Board, Confederation Building, Ottawa, Can.
- THE HANDBOOK OF INDUSTRIAL RELATIONS, by John Cameron

COST AND MANAGEMENT

Aspley and Eugene Whitmore, 1943, 1055 pages. The Dartnell Corporation, Chicago, Ill.

The above is but a small portion of the information available on these subjects. Many books and services equally valuable have not been mentioned nor are those mentioned, listed in order of preference. Here you should find sufficient information to start you on a continuous and ever expanding program of foreman and employee training, or to serve as the nucleus for a Plant Library.

Punched Card Accounting

By W. J. McCREIGHT, A.C.A. (Ire.), C.A., R.I.A.
(Treasurer, W. Robinson & Son Converters Limited,

Introduction.

The moment a business grows beyond the point where one man can carry all its essential facts mentally, a need begins for mechanical methods of organizing these facts so that the business may be effectively managed. With each successive increase in size, the demand for more speed, economy, and accuracy in dealing with a multiplicity of detail becomes more insistent. This fact, no doubt, accounts for the various mechanical accounting aids found in modern offices. These accounting aids range from the simple adding machine to the huge I.B.M. Automatic Sequence Controlled Calculator, which was presented to Harvard University in 1944. This machine is 51 feet long and 8 feet high. It was not designed for any specific purpose, but is a generalized machine that will do virtually any mathematical problem such as the following:

- (1) Computation and tabulation of functions.
- (2) Evaluation of integrals.
- (3) Solution of ordinary differential equations.
- (4) Solution of simultaneous linear algebraic equations.
- (5) Harmonic Analysis.

This paper has been written, however, not to discuss mechanical accounting aids in general, but to pass on a few elementary comments on punched card accounting in the hope that it will provoke thought and discussion among those Cost Accountants who may not be familiar with this method of accounting and its application to Cost Records. Further, it may be of assistance to those who, when their expert advice is sought by the Management on a technical point of punched card accounting or its application to the business in which they find themselves, will avoid having to express a vague, noncommittal reply.

Historical

Punched card accounting has made very rapid progress in the last twenty-five years. It is, therefore, difficult to realize that it had its beginning in 1887. Dr. Herman Holerith, a distinguished statistician, was employed by the U.S. Government to compile the Tenth Census. The facts had been collected, as the law provided, in 1880, but five years later the compilation of them was still incomplete. Dr. Holerith knew that

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considering the speed with which the country was growing, it was not difficult to visualize the possibility that with existing methods it would be impossible to complete the results of one census before the commencement of the next. As it was, the Tenth Census was only completed in 1887 with the Eleventh three years away. But by that time, he had worked out the essential features for a mechanical system of recording, compiling, and tabulating census facts—a system which has proved useful in far wider fields than those of vital statistics, and has introduced unprecedented speed, efficiency and precision into the organization of large masses of facts.

Dr. Holerith's system was fundamentally simple. Facts were recorded of any given situation—for example, the census description of any one person—by punching holes, according to a definite pattern, in a piece of paper. (This was soon changed to a card). A prearranged code assigned different meanings to each position punched, and from these positions which actuated adding or counting mechanisms, the result sought for was obtained.

Scope.

Punched cards are especially designed to provide practically every kind of accounting, costing, and statistical information required by modern business management; thus Payroll Register, Inventory Budget Reports, Profit Analysis by Salesmen, Vital Sales Analysis, Receivables, Payables and Costing Data can readily be prepared with up-to-the-minute fact-pictures of current business events. The accuracy of punched card accounting is beyond question, as all sorting, posting, listing and tabulating are performed by automatic machine action. The punched holes in the cards are direct avenues through which electrical impulses or mechanical action operate precision mechanisms which in turn add, or subtract, or list, and print the required information. It is pointed out, however, that in the writer's opinion, some form of manual control is desirable to check the accuracy of the machine results. Modern punched card machinery has reached a remarkable peak of efficiency and accuracy, but assurance is made doubly sure by a manual control of machine operation. This control will be discussed later on in the paper.

Many facts require consideration before the decision to install punch card accounting machinery is reached, not the least being volume to be handled. Further, the writer, while admitting a few exceptions, is adverse in general to the installation of punched card machinery, the system of which uses one card for one operation. For example, a Sales Analysis card could be used for:

- (1) Sales by Salesmen.
- (2) Sales of Territory.
- (3) Selling Commission.
- (4) Sales Description (Type of goods).
- (5) Preparation of statement of account to Sales Debtor.
- (6) On payment of (5), tabulation of Cash Receipts.

When the decision has been reached to change from the current accounting system to punched cards, it is, in my opinion, imperative "to make haste slowly". The accounting department should be changed section by section, and sufficient time allowed to elapse between each change to

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enable the staff to become perfectly familiar with the new procedures. For example, the Accounts Payable could be put on the machines, and when the system is working smoothly, then the Accounts Receivable, followed by Pay Roll, and so on.

Installation.

The following installation is capable of handling a large volume of facts and figures, and is designed to avoid "bottlenecks", i.e., one machine being held up waiting for another to complete its particular operation:

- One Alphabetical Accounting Machine with Automatic Carriage.

- One Sorting Machine.

- One Interpreter.

- One Collator.

- Five Alphabetical Duplicating Punch Machines.

- Three Verifiers.

- The Cards.

A detailed description of each machine follows:

Alphabetical Accounting Machine with Automatic Carriage.

The Alphabetical Accounting Machine is a combined accumulating and printing machine by means of which complete printed reports, consisting of both alphabetical and numerical information, may be prepared from punched tabulating cards. It may be used to list both alphabetical and numerical details from individual tabulating cards or to print classifications and accumulate and print totals.

All data recorded on tabulating cards can be compiled to show totals for each group or classification, together with accumulated totals for all groups. All such compilations can be printed automatically as finished reports with complete descriptive information. On those models which are equipped with direct subtraction counters, net totals and accumulated net totals may be obtained automatically.

The machine can be changed instantly into a lister for printing in itemized detail the information recorded on the cards. The data may be printed on printed forms, continuous rolls or on individual records such as checks, etc. Simultaneously with the printing, the machine accumulates and prints the desired totals.

Listing is accomplished at 80 cards per minute; tabulating at either 80 or 150 cards per minute depending upon the model. The machine is equipped with major, intermediate and minor controls, which cause it to stop at the end of each group of cards (whether listing or tabulating), print the total for the group, and automatically proceed with the next classification.

The alphabetical feature eliminates typewriter operations and the use of codes in preparing finished reports. Numerals can be interspersed with alphabetical characters. The arrangement of all of the 88 type bars in two continuous banks enables reports to be printed in a very compact form.

The Automatic Carriage is a self-contained, motor-driven mechanism which accelerates all types of form preparation. It replaces the standard carriage, and is most advantageous for feeding continuous forms such as statements, notices, invoices, voucher checks, payroll checks, etc. In the preparation of such forms the carriage will advance the continuous-form strip in such a manner that ejection from a predetermined last line of a

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form to a predetermined first line of the next form will be entirely automatic. In addition, arrangements are provided for automatic line-spacing between predetermined positions within the form, such as the spacing between name and address, delivery instructions, body, and predetermined total positions of an invoice.

Single sheets may be handled in the same manner except that initial feeding and positioning of each form is a manual operation.

The Automatic Carriage may be installed on either alphabetical or numerical accounting machines. It will be equipped with a set of adjustable guides and stacking racks for continuous forms when so specified.

In addition to the time advantage of automatic feeding during document-writing operations, the high speeds obtained permit maximum machine production with minimum operator attention.

The Automatic Carriage handles many form-feeding operations that would be impractical, if not impossible, in any other way.

Sorting Machine.

The Punched Card Sorting Machine automatically groups all cards of similar classification and at the same time arranges such classification in numerical or alphabetical sequence.

It is extremely easy to operate. All the operator has to do is place a group of cards in the feed hopper, set the controls on the columns to be sorted and throw the starting switch. The sorting operation, automatically performed, is accomplished at a speed of 400 cards per minute.

Thirteen pockets receive the cards during the sorting operation—one pocket is for the rejected cards (those having no hole in the column being sorted) and each of the other twelve is for one of the twelve punching positions on the card. Each pocket has a capacity of approximately 800 cards and when this limit is reached in any pocket the machine automatically stops, so that the operator may remove them.

A selecting device enables all cards punched with any individual hole or holes in a single column to be sorted out while the remaining cards are passed into the reject pocket without disturbing their sequence.

Throughout the entire design of the horizontal sorter careful consideration has been given to accuracy, speed and quietness of operation.

It is pointed out that small groups of cards can be sorted by either the visual method or the needle method. The visual consists of holding the cards in front of a strong light, where the light will shine through identically punched cards, while the needle method is simply the insertion of a needle through the punched holes in the cards.

In passing, the writer recalls with amusement a visit to the Toronto Exhibition in 1939 where the above machine was being demonstrated. The demonstrator, with a group of multi-coloured cards in hand, solemnly assured some small boys that this machine "knew" colours. The cards were placed in the feeder hopper, the machine commenced, and to the great mystification of the said small boys (and perhaps some of the older folk as well) all the white, red, blue, green, pink and yellow cards all came together in their respective pockets. The explanation is, of course, simple. All the white cards had (say) a punched position of 2; hence they all went to pocket No. 2, and all the blue had (say) a punched position of 5; therefore they found themselves in pocket No. 5.

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The Interpreter.

The Interpreter translates the holes punched in accounting machine cards by printing on the face of the card alphabetical and numerical information which the holes represent.

The printing mechanism of this machine consists of sixty type bars. Each type bar contains ten numbers, 0 to 9, and 26 letters, A to Z. Space is provided on each bar for two special characters which print from the 11th and 12 positions.

Sixty characters may be printed in either of two positions in a single row along the top of the card above the 12's, or between the 12's and 11's as desired. Should sixty columns of interpreted information be insufficient, the cards may be run through the machine a second time so that the additional information desired can be printed in the other printing position.

The speed of this machine is 60 cards a minute.

The Collator.

The Collator is a machine which performs automatically many of the card filing and pulling operations heretofore handled manually.

As a filing machine, the Collator simultaneously feeds and compares two groups of punched cards, consisting respectively of records already in file and of records to be filed. These two groups are automatically merged in correct numerical sequence at a rate which varies from 14,000 to 28,000 per hour. If desired, the machine will at the same time automatically remove from either group those cards which are matched by cards in the other group, or all but those cards which are matched, or other selected cards.

When operated for the purpose of pulling cards, the Collator makes it possible for one group of cards to pull corresponding cards from another group. The cards not pulled are segregated for return to the file, and the absence of any cards sought is indicated by segregation of the corresponding pulling cards. The cards pulled and those which pull them may be kept separate, or merged in numerical sequence, as required.

Many operations previously performed less efficiently are made automatic by this machine. Following is a brief list of applications:

Filing current transaction cards with previous transaction cards.

Pulling accounts receivable debit cards and combining them with cash received credit cards.

Replacing old record cards with new record cards superseding them.

Selecting all cards dated earlier than a certain date, as for analysis of accounts in arrears, or all cards containing a given classification number when all these cards are scattered throughout the file.

This machine was found to be particularly useful when dealing with the Pay Accounts of one of the Armed Services, the system of which, in brief, was as follows:

- (a) Master Credit Cards were punched for each individual, containing Number, Name, Rank, Location, and other essential information. The Card contained three Credit Totals, viz: 28 day month, 30 day month, and 31 day month, these being based on the per diem allowance applicable to the individual.

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- (b) Debit Cards, punched to record the amounts shown on Acquittance Rolls, Daily Routine Orders, and Cash Debit Vouchers, were prepared containing Number, Name, Rank, etc.
- (c) **Method of operation at the end of month**
 - (1) The Credit and Debit Cards were sorted (separately) into alphabetical order.
 - (2) The Collator then matched these cards as described above. The result was that the cards were now in order for the Tabulator to prepare the individual's statement for the month.

The Alphabetical Duplicating Punch Machine.

The Alphabetical Duplicating Punch is used to record alphabetical and numerical information in tabulating cards in such a manner that complete words and names, together with numerical data can subsequently be printed by the Alphabetical Accounting Machine.

Information common to more than one card can be recorded automatically; information pertaining to an individual card or any portion of it can be automatically duplicated to other tabulating cards. This duplicating feature is extremely useful as an automatic coding device. Master cards are pre-punched with all of the codes which pertain to any given set of transactions. Placing the proper master card in the duplicating rack then results in the automatic transfer of these codes in punched form to the detail cards. This not only eliminates individual coding but expedites punching and makes verification of these codes unnecessary.

The punching mechanism is controlled by two keyboards, one of which has both alphabetical and numerical keys, arranged to correspond with those of a typewriter. The other is the same as the keyboard of a numerical key punch and is provided for convenience of operation and to attain maximum production.

The Alphabetical Duplicating Punch is equipped with automatic feed and eject. A reading board at the left provides a convenient place for holding the original records from which the information is being transferred.

The Verifier.

The Verifier is used to prove mechanically the accuracy of data punched in accounting machine cards.

The theory of mechanical verification is identical with that of any checking procedure, viz., that repetition of the work by a different person reveals errors made by the person who originally performed the task.

The manual operation of the verifier is the same as that of the key punch. The punched card is automatically fed into the machine and the operator, reading data from the punching source, proceeds as though actually punching. If a key is struck which does not correspond to the hole punched in the card, the carriage of the verifier does not advance, thus calling attention to an error. Comparison of the original data and the punched card is then made to determine whether the error was made in punching or in verifying.

If there are no errors in the punched card it is automatically ejected and the next card is automatically fed into the machine. This automatic

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feed and eject feature is a great aid in making mechanical verification a highly efficient procedure.

The verifier is so constructed that the operator cannot see the punched holes to be verified. This, of course, eliminates sight suggestion of correctness.

Mechanical verification reduced the human element hazard in the checking procedure and gives definite assurance that the punched hole records are dependably correct.

The Card.

The card is made of specially prepared paper and is $7\frac{3}{8}$ inches long and $3\frac{3}{4}$ inches wide. The printing and colour, designed as a visual aid for the operators, is generally determined by the users. There are 800 positions in an eighty column card, and 450 in a forty-five column. (The columns run horizontally, while the positions run vertically). In the writer's opinion, the eighty column is preferable, as so much more additional information can be punched into it.

There are other Accounting Machines, such as the Automatic Multiplier and Summary Punch machines, operated by punched cards, but space does not permit of their description. These can be added to the above installation as and when the need for their respective functions appears.

Application of Installation.

Before accounting operations can be commenced on a punch card system, cards have to be designed and codes determined which will be capable of supplying the various executive heads from production to selling with all pertinent information. This step is the most important, for a carelessly drawn up code simply means that the system is not being used to the best advantage. Let us suppose, then, that the cards have been printed, an adequate code arranged (both for General Ledger Accounts and Statistics), and that it is decided to put Accounts Payable on the punched cards. The following procedure can be adopted:

At Changeover.

- (1) Give each Account Payable an identifying number.
- (2) Punch this number, together with the name and address, on the card.
- (3) Prepare schedule of outstanding Balances at the time of the changeover.
- (4) Enter the total of this schedule, manually, in a control account.
- (5) Punch individual cards with the amount shown on the schedule, giving each its identifying number. (Paragraph 1).
- (6) Verify cards.
- (7) List cards on Tabulator and see that total agrees with that of the control. (Paragraph 4).
- (8) File in numerical order.

Daily Operations.

After the invoices have been examined and passed in accordance with the usual Internal Audit procedure in force, they should be rubber stamped with the Account Payable number and the code to which the particular expenditure applies. An adding tape of the total of the invoices should accompany the invoices to the Punch Operator. The procedure is then as follows:

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- (1) Punch Accounts Payable number, code, date, and amount of invoice.
- (2) Verify, and tabulate to see that card totals agree with total of adding tape.
- (3) Enter this total in control account.
- (4) File.

Weekly.

The Punched Card Operators will:

- (1) Obtain Daily Card Files and sort into Code Order.
- (2) Tabulate by Code order.
- (3) Compare Total of tabulation with Control Account.
- (4) Punch Summary Cards (i.e., punch cards with the sub-totals obtained from paragraph 2 operation).

We now have available for distribution to all executives a detailed analysis of the purchase invoice expenditure.

Monthly.

- (1) As the Daily Card Files, (after the weekly operation described above) are in Code order, they must now be sorted into Accounts Payable Number Order.
- (2) The Collator will now bring the Name and Address Cards (mentioned in paragraph 2 under the caption of "At Changeover") and the Daily Invoice Cards together in arithmetical order.
- (3) From the operations described in paragraphs 1 and 2 we can now tabulate the Accounts Payable Statements in detail.
- (4) Tabulate these by Sub-total, (A copy of this statement can be used as the Cheques Issued Journal) and send the results to the department responsible for issuing cheques.
- (5) The Summary Cards mentioned in paragraph 4 under the caption of "Weekly" should now be tabulated. This will give a detailed analysis of the month's Invoice Expenditure, and can be used for:
 - (a) Distribution to executives, and
 - (b) A posting medium to the Ledgers.

It should be noted that the total of the Tabulated Accounts Payable Statements should agree with the Control Account, and it will be noticed that stress has been laid on Control for every operation.

The system as described in the foregoing pages is not intended as a model, (is obvious that every company has its own procedures—and problems), but merely illustrates what can be done with Punched Card Accounting.

To the Cost Accountant and students of our Society who are not fully acquainted with Punched Card Accounting, it would be an illuminating experience to make a special study of just what services such a system can render. If, for various reasons, the system could not be adopted to the particular business in which they find themselves, the study in itself is well worth while. Particular care should be taken in the study to investigate the many ways in which such equipment provides detailed information other than strict accountancy.

Cost and Management Institute

PRESIDENT'S REPORT

Year Ended April 30, 1945.

In confining myself at this, the Annual Meeting of the Cost and Management Institute, to the presentation of a somewhat lengthy report of the activities of our Institute, rather than giving a brief report and an address, I am following the example set by my immediate predecessor, Mr. Charles P. Dumas, at our last Annual Meeting. And I do so advisedly for several reasons; first, because annual meetings are for the purpose of review of a society's activities and in our case it is especially necessary, inasmuch as the Institute's business is conducted by the Council and very little is brought before the general membership at our regular fortnightly meetings; secondly, this has been a year of further progress and I know you will want to hear about it; and thirdly, our entire season's programme has been a series of speeches and I am sure you will welcome an evening devoted to the business of the Institute. If some of you are still unconvinced of the wisdom of the course on which I have decided, I might add, as fourth and fifth reasons, that we have a large agenda for this evening and I dislike preparing and delivering speeches.

Thanks To Officers and Council.

It is the custom to conclude annual reports with expressions of thanks and appreciation to those who have made some contribution during the year but I am going to reverse this procedure because I feel that the successful year we have had, and which is reviewed in the following paragraphs, is due to the efforts of others. Some of you will remember that, when you did me the honour of electing me as your President last year, I was on a trip to the West Coast. Since then I have been away on several occasions and so have sometimes been justly referred to as "the absentee President". Notwithstanding my absences our organization has prospered and I want here to record my sincere thanks to those who have made that success possible—to former officers and members who laid firm foundations and "built better than they knew"; to our present officers, especially Mr. J. B. A. Merineau, first Vice-President, Mr. M. H. Bacon, Secretary, and Mr. Randall Herron, Registrar and Assistant Secretary-Treasurer, all of whom have given many hours of their time and done much effective work on behalf of the Institute; to members of Council who, in addition to directing the business of the Institute, assisted so ably and willingly at our lecture meeting. Then there in the Advisory Council, made up of Past-Presidents, a sometimes forgotten and insufficiently appreciated group, which includes such stalwarts as Mr. D. R. Patton and Mr. P. W. Wright, who are our Education Committee responsible for the courses and examinations set by the Institute, Mrs. E. J. Loisel, Dominion President, Canadian Society of Cost Accountants and Industrial Engineers; Mr. A. V. Madge, Mr. R. W. Louthood, Mr. H. W. Blunt, Mr. Paul Kellogg and Mr. C. P. Dumas, all of whom, although they have no vote, are most faithful in attendance at Council meetings and give freely of their experience, their knowledge and their time, continuing to make significant contributions to

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our programme and I want them to know that we do appreciate their efforts.
Season's Activities.

While at each of our regular meetings during the season, formal thanks expressed to the speakers, I desire here to record the appreciation of your Officers and Council to the twelve men who gave so generously of their abilities and time. The high standard both of speakers and subjects, set in previous years, was fully maintained this season. That the speakers, their subjects and the question periods following, were appreciated by the membership is evidenced by the good attendance at each of the lecture meetings.

Notwithstanding the dire forebodings of some folk, our programme got off to a good start on Friday, the 13th of October, when our Opening Dinner was held in the Salle Dorée of the Mount Royal Hotel and we had the pleasure of meeting and hearing Red Army Major V. S. Sokolov, who spoke on "The Soviet Union". While the attendance of 268 members and friends did not quite equal the 275 of the previous opening dinner, it was remarkably good when it is remembered that delays beyond our control, in arranging for the speaker, left us with only a few days to notify members and distribute tickets.

The total attendance at the twelve lecture meetings was 669 or an average of 56 persons per meeting. One plant visit, which was well attended, was made to Noorduyn Aviation Limited. It was a most interesting and instructive visit and our thanks were sent to the Company officials for their courtesy in arranging it and for the refreshments they provided. This is an activity your incoming Council may consider extending now that many of the restrictions, which have prevailed in wartime, are gradually being lifted.

Your Council has held twenty meetings with a total attendance of 260 or an average of 13 at each meeting. Some special meetings were called for the purpose of drafting and approving procedure for the formation of new chapters and drawing up Chapter By-laws.

Membership.

We began the 1944-45 session with a membership of 252, made up of 197 general members, 37 student members, 2 honourary members and 16 on active service. While we have not this year carried on any intensive effort to increase our membership, there has been a substantial addition and our present membership stands at 282, made up of 211 general members, of whom 66 are certificated, 52 student members, 2 honourary and 17 on active service. This net increase of 30 members does not reflect the total number of new members, who have joined our ranks during the year, as we had some resignations, a few members struck off for non-payment of dues, and one death in the person of Mr. R. Davis, who had held the position of Auditor. We very much regret the passing of Mr. Davis and on your behalf a floral tribute was sent and condolences to his family.

We can all take pride in this growth in the membership of the Institute, not only in the numbers but in the quality of the men who have joined our organization in recent years. It is a credit to the Institute and evidence of the fact that it is making a worthwhile contribution to the community. There should be no letdown in our efforts to enroll new members, to make

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up for resignations and regular turnover and, if possible, to increase our numbers, having in mind that the introduction of new blood will bring new ideas and help in sustaining interest and increasing our influence.

Finances

Our Treasurer will be submitting to you the financial statements of the Institute for the fiscal year ended April 30, 1945, in which he will give you the details of our income and expenses for the year. Sufficient is it for me to say here that our finances are in a healthy state and that we carry forward into the next session a larger cash balance than that with which we started. However, your incoming Council will likely be faced with additional costs both for secretarial fees and for greater accommodation for our regular meetings consequent upon our increase in membership. It is worthy of mention that the members of this Institute made special contributions in excess of \$500.00 towards the Richard Dawson Memorial Fund.

You may remember that two years ago, when we first started meeting at the Mount Stephen Club, it was decided by the Council that the hospital tax and gratuities to the Club's staff would be paid out of the general funds for the Institute, in order not to increase the charge to each member for the dinner. This year, on account of the increase in the costs of labour and foodstuffs, the Club found it necessary to increase the charge for the meals to \$1.35 per person. We are glad to note that this increase has not noticeably affected the attendance at dinner meetings and we have continued this year to pay the hospital tax and gratuities as previously, in the hope that, by keeping the charge to members at a minimum, it would encourage regular attendance. At this point I would like to record our appreciation to the Executive of the Mount Stephen Club for allowing us to meet here and our thanks to the Management and Staff for their able and courteous service to us.

Educational Activities

Having in mind that we are primarily an educational organization, it is important that we should endeavour to maintain our student enrolment at a high level, first with the thought of increasing the number of executives and accountants, industrial engineers, etc., who will be well trained and proficient, secondly, that the students provide a source of new members to the Institute. We have been fortunate in having Mr. D. R. Patton, C.A., continue as Chairman of our Education Committee, and he has given much of his personal time in directing this phase of our work. We had 52 student members, compared with 37 last year, and some of our general members took studies in cost accounting and business management. There are 64 candidates who have registered for examinations and they will write 108 papers. I know that you will wish me to extend to them the best wishes of the Council and their fellow members for success in their examinations.

Quebec City Chapter.

At this point I would like to say a few words about Chapters. First, with regard to the Quebec City Chapter, you may remember that in his report last year, Mr. Charles P. Dumas reviewed the steps taken towards the formation of a Chapter in Quebec City and stated that arrangements

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were about completed. That forward step was consummated shortly afterwards and the Quebec Chapter now has 30 members who have been meeting regularly during the past Fall and Winter. The Annual Meeting of the Canadian Society of Cost Accountants and Industrial Engineers was held in Quebec last June and was attended by a large delegation from Ontario as well as from Montreal. It was a most successful meeting, made so by the friendly and hospitable preparations of our fellow members of Quebec City. I am sure many of our Montreal members have occasion to travel to the Ancient City and, when you do, call one or more of the Quebec members, or attend their meetings if you are in the city at the time, and so encourage their officers and support our off-spring.

Montreal Chapter.

In accordance with the constitution formal application for the formation of a Montreal Chapter was made to the Council by some thirty members of the Institute. This application was approved and a committee set up to study and report on the necessary procedure to be followed. You will tonight be asked to take the next steps to bring the Chapter into being by accepting the Charter and electing Directors. When that is done you will have two bodies where one has functioned before, the Council of the Institute and the Directors of the Chapter, each with its officers and each with its separate responsibilities.

* While I confess that there has been in my own mind some confusion as to the division of those responsibilities, in general it can be stated that the Institute Council will be responsible for the formation of chapters, setting chapter by-laws, allocation of fees, educational matters including the setting and holding of examinations and the granting of degrees, while the Chapter Directors' main responsibility, aside from controlling the general business of the Chapter, will be the planning and carrying through of a regular seasonal programme of lecture meetings and other events. Insofar as the general membership in Montreal is concerned, there will be little outward evidence of the change.

Relations With Other Societies

Very friendly relations have been maintained between the Institute and its sister societies in the Province. Your President was invited as a head table guest to represent you at the Annual Meetings of the Canadian Credit Institute, the Society of Chartered Accountants of the Province of Quebec, Corporation of Public Accountants of the Province of Quebec, and also attended a Commemoration Meeting of the National Council for Canadian-Soviet Friendship. In arranging our annual Students' Night we were favoured with the co-operation of the Society of Chartered Accountants and a most interesting, educational and entertaining evening was held, when their Students' Society debated the pros and cons of a socialist government for Canada with the students of our organization.

Our relations with the national society, the Canadian Society of Cost Accountants and Industrial Engineers, have continued to be close and have brought benefits to us through a nation-wide contact with affiliated societies. I might remind you that these affiliations include, besides the parent body and its Chapters in certain Provinces, the Society of Industrial and Cost Accountants of Ontario, the Society of Industrial Accountants of

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Alberta and the Society of Industrial Accountants of British Columbia. The Society of Industrial Accountants of British Columbia is the latest to secure a provincial incorporation, a bill to incorporate the Society having been approved by the legislature of the Province of British Columbia on March 23, 1945. Last year I had the good fortune to meet the President and Directors of their Society and, in a letter received from President Norman Terry a few days ago, he advises me that they are meeting monthly and have an active weekly study group. Since they have been incorporated they are hopeful of extending beyond the Vancouver district and establishing branches in other sections of the Province of British Columbia.

Before leaving this section of my report, I wish to record our great sense of loss at the sudden passing last July of Mr. R. Dawson, Secretary-Manager of the Canadian Society of Cost Accountants and Industrial Engineers. Much of the progress of the national body, as well as of our own Institute, in recent years was directly the result of his foresight, his energies and his abilities. Our deep sense of loss is evidenced by the magnificent response made to the appeal for funds to the Dawson Memorial Fund to which I have already referred. We are fortunate in having as his successor Mr. J. N. Allan, formerly Secretary-Treasurer of the Bay of Quinte Chapter, who has been a member of the Society for eight years, and we extend to Mr. Allan our best wishes for his success and our assurances of co-operation and support in the difficult task he has assumed.

You will be receiving notice of the Annual Meeting of the Canadian Society of Cost Accountants and Industrial Engineers, which this year is being held on June 15th and 16th at Kitchener, Ont. The arrangements and details regarding the programme are in the hands of Mr. Allan and will be forwarded to you in due course. I would commend the event to you and suggest that if you can spare the time to make a trip to Kitchener, you will have an instructive and enjoyable two days and will at the same time be supporting our new National Secretary and demonstrating your interest in the affairs of this Society.

Conclusion

In concluding I would like to thank the members of the Institute, who have consistently supported our activities by regular attendance at our meetings, and to ask that they continue that support for the incoming executive. There will be problems to face next year and they will require all the support you can give them. One of these problems is the embarrassment that comes from success. As you know, we have on occasion this year been rather overcrowded in these quarters and it is probable that the new Council will have to consider making arrangements elsewhere. This will likely involve additional expense and will make all the more pressing the need to maintain both our membership and the attendance at meetings. Notwithstanding the improved attendance record this year, there is a large number of members on our roster who are inactive. Should the new Council decide on finding more spacious accommodation, serious thought might be given to stirring up the interest of these inactive members. This suggests to each of us, who are vitally interested in the Institute and its future, that there is a contribution we can make to insure its continued success.

